

## **MINUTES**

### **MONTANA SENATE 59th LEGISLATURE - REGULAR SESSION**

#### **COMMITTEE ON TAXATION**

**Call to Order:** By **SEN. KEN TOOLE**, on March 29, 2005 at 8:03  
A.M., in Room 405 Capitol.

#### **ROLL CALL**

**Members Present:**

Sen. Jim Elliott, Chairman (D)  
Sen. Jerry W. Black (R)  
Sen. Jeff Essmann (R)  
Sen. Kelly Gebhardt (R)  
Sen. Dan Harrington (D)  
Sen. Sam Kitzenberg (R)  
Sen. Bob Story Jr. (R)  
Sen. Ken Toole (D)

**Members Excused:** Sen. Jon Ellingson (D)  
Sen. Kim Gillan (D)  
Sen. Trudi Schmidt (D)

**Members Absent:** None.

**Staff Present:** Kathleen Ely, Committee Secretary  
Lee Heiman, Legislative Branch

**Audio Committees:** These minutes are in outline form only. They provide a list of participants and a record of official action taken by the committee. The link to the audio recording of the meeting is available on the Legislative Branch website.

**Committee Business Summary:**

Hearing & Date Posted: SB 522, 3/23/2005; SB 520,  
3/23/2005  
Executive Action: SB 513, SB 506, SB 271, SB 516,  
SB 518, SB 519, SB 512, SB 213,  
SB 450

00:01:04

HEARING ON SB 522

Opening Statement by Sponsor:

SEN. JIM ELLIOTT (D), SD 7, opened the hearing on SB 522, Remove incentives from oil and gas production taxes.

[EXHIBIT\(tas66a01\)](#)

[EXHIBIT\(tas66a02\)](#)

[EXHIBIT\(tas66a03\)](#)

Proponents' Testimony:

00:07:42 Gene Fenderson, Progressive Labor Caucus

00:08:03 Tom Bilodeau, MEA-MFT

Opponents' Testimony:

00:08:10 Gail Abercrombie, Montana Petroleum Association

[EXHIBIT\(tas66a04\)](#)

00:09:28 Ira John Brumley, Encore Acquisitions

[EXHIBIT\(tas66a05\)](#)

00:16:49 Harold Hamm, Continental Resources

00:20:02 Terry Holzwarth, Nance Petroleum

[EXHIBIT\(tas66a06\)](#)

00:24:25 Robert Fisher, Ballard Petroleum

00:25:59 Todd Ennenga, Devon Energy

00:27:57 Chip Holden, Hellas Oil and Gas

00:29:41 Curt Dahlgaard, Somont Oil Company

[EXHIBIT\(tas66a07\)](#)

00:31:09 Cole Chandler, Klabzuba Oil and Gas Inc.

00:34:32 David Ruffie, Hiland Partners, LLC

00:37:19 Jack Stark, Continental Resources, Inc.

[EXHIBIT\(tas66a08\)](#)

00:39:45 Russell Atkins, Continental Resources, Inc.

00:40:56 Stan Lange, Continental Resources, Inc.

00:41:25 Bret Ketchom, Hiland Partners LLC

00:42:08 David Ruffie, Hiland Partners, LLC  
 00:42:12 Rob Phillips, Ham and Phillips  
 00:43:38 Tim Nygaard, Hiland Partners LLC  
 00:43:59 LeRoy Zinda, Baker Oil Tools  
 00:44:21 Edward Mitchell, Mitchell's Oil Field Service  
 00:44:54 Doug Barner, Ham and Phillips  
 00:45:25 Curt Kyle, Encore Operating  
 00:45:42 Dale Leivestad, D & M Water Service Inc.  
 00:47:07 Bill Battest Stride Well Services  
 00:47:42 Harmon Ranney, Powder River Gas LLC  
 00:48:17 Mark Rehbein, Commissioner, Richland County,  
 Chairman, Oil, Gas, and Coal Counties  
 00:49:12 Mary Whittinghill, Montana Taxpayers Association  
 00:49:51 Wayne Mitchell, Mitchell Oil Field Services  
 00:50:02 Riley Johnson, National Federation of Independent  
 Business  
 00:50:23 Patrick Montalban, Northern Montana Oil and Gas  
 Association

**EXHIBIT** (tas66a09)

00:53:10 Webb Brown, Montana Chamber of Commerce  
 00:53:26 Don Allen, Western Environmental Trade Association  
 00:53:41 Willy Duffield, Montana Association of Oil and Gas  
 Counties  
 00:54:44 Gary Forrester, Fidelity Oil and Gas

**EXHIBIT** (tas66a10)

00:56:02 Gary Amestoy, Richland Economic Development

**Informational Testimony:**

00:56:44 Keith Broussard, Department of Revenue  
 00:57:00 Tom Livers, Department of Environmental Quality  
 00:57:31 John Tubbs, Department of Natural Resources and  
 Conservation

00:57:54

**Questions from Committee Members and Responses:**

01:22:41

**Closing by Sponsor:**

01:35:06 Break.  
 01:40:18 Resume.

01:40:54

**HEARING ON SB 520**

**Opening Statement by Sponsor:**

SEN. JIM ELLIOTT (D), SD 7, opened the hearing on SB 520, Revise income taxes; residential property tax rebate; rates; cap. gains freeze.

[EXHIBIT\(tas66a11\)](#)

[EXHIBIT\(tas66a12\)](#)

[EXHIBIT\(tas66a13\)](#)

[EXHIBIT\(tas66a14\)](#)

**Proponents' Testimony:**

01:52:46           Gene Fenderson, Progressive Labor Caucus

01:56:33           Tom Bilodeau, MEA-MFT

01:59:36           Don Judge, Teamsters Local 190

**Opponents' Testimony:**

02:04:18           Webb Brown, Montana Chamber of Commerce

02:06:39           Mary Whittinghill, Montana Taxpayers Association

02:09:24           Barry "Spook" Stang, Montana Motor Carriers  
Association

02:13:09           Riley Johnson, National Federation of Independent  
Business

02:14:37           Ronda Carpenter-Wiggers, Great Falls and Helena  
Chamber of Commerce, Montana Coin Machine  
Operators

**Informational Testimony:**

02:16:31           Jim McKuen, Department of Revenue

02:16:58

**Questions from Committee Members and Responses:**

[EXHIBIT\(tas66a15\)](#)

02:26:23           Mary Craigle, Department of Revenue

02:37:05

**Closing by Sponsor:**

[EXHIBIT\(tas66a16\)](#)

02:45:57           SEN. ELLIOTT informed the Committee that they would meet at 6:30 p.m. today for Executive Action.

EXECUTIVE ACTION ON SB 513

02:51:02           Dan Bucks, Director, Department of Revenue

EXHIBIT(tas66a17)

03:12:50           Steve Turkiewicz, Montana Bankers Association

03:13:11           Brenda Gilmer, Department of Revenue

03:18:42           Mark Baker, Plum Creek Properties

EXHIBIT(tas66a18)

EXHIBIT(tas66a19)

Motion:   SEN. ELLIOTT moved that SB 513 DO PASS.

04:12:40           Mark Baker, Plum Creek Properties

Motion/Vote:   SEN. ELLIOTT moved that SB 513 BE AMENDED. Motion carried unanimously by voice vote.

EXHIBIT(tas66a20)

Motion/Vote:   SEN. ESSMANN moved that SB 513 BE AMENDED. Motion carried 6-5 by roll call vote with SEN. ELLINGSON, SEN. ELLIOTT, SEN. HARRINGTON, SEN. SCHMIDT, and SEN. TOOLE voting no. SEN. GILLAN voted aye by proxy. SEN. ELLINGSON, SEN. HARRINGTON, and SEN. SCHMIDT voted no by proxy.

EXHIBIT(tas66a21)

Motion/Vote:   SEN. ELLIOTT moved that SB 513 BE AMENDED. Motion carried unanimously by voice vote.

EXHIBIT(tas66a22)

Motion/Vote:   SEN. ELLIOTT moved that SB 513 BE AMENDED. Motion carried unanimously by voice vote.

EXHIBIT(tas66a23)

Motion/Vote:   SEN. ELLIOTT moved that SB 513 DO PASS AS AMENDED. Motion carried 6-5 by roll call vote with SEN. BLACK, SEN.

ESSMANN, SEN. GEBHARDT, SEN. KITZENBERG, and SEN. STORY voting no. SEN. ELLINGSON, SEN. GILLAN, SEN. HARRINGTON, and SEN. SCHMIDT voted aye by proxy.

12:52 P.M. Recess.

6:35 P.M. Reconvened.

04:51:32

EXECUTIVE ACTION ON SB 271

SEN. STORY reported on the sub-committee to address SB 271. The recommendation is to attach an amendment.

SEN. TOOLE assumed the Chair.

Motion: SEN. ELLIOTT moved that SB 271 DO PASS.

04:52:41 Mary Whittinghill, Montana Taxpayers Association

Motion/Vote: SEN. ELLIOTT moved that SB 271 BE AMENDED. Motion carried unanimously by voice vote.

EXHIBIT(tas66a24)

Motion/Vote: SEN. ELLIOTT moved that SB 271 DO PASS AS AMENDED. Motion carried unanimously by voice vote.

04:55:05

EXECUTIVE ACTION ON SB 506

Motion: SEN. STORY moved that SB 506 DO PASS.

04:56:25 Dan Dodds, Governors Office of Budget and Planning

Substitute Motion/Vote: SEN. HARRINGTON made a substitute motion that SB 506 BE TABLED. Substitute motion carried 8-3 by roll call vote with SEN. BLACK, SEN. ESSMANN, and SEN. GEBHARDT voting no. SEN. ELLINGSON, SEN. GILLAN, and SEN. SCHMIDT voted aye by proxy. SEN. GEBHARDT voted no by proxy.

04:59:42 SEN. TOOLE assumed the Chair.

05:00:16

EXECUTIVE ACTION ON SB 514

Motion: SEN. ELLIOTT moved that SB 514 DO PASS.

Motion/Vote: SEN. ELLIOTT moved that SB 514 BE AMENDED to change the applicability date from 2004 to 2003. Motion carried unanimously by voice vote.

Motion/Vote: SEN. ELLIOTT moved that SB 514 DO PASS AS AMENDED. Motion carried 8-3 by roll call vote with SEN. BLACK, SEN. ESSMANN, and SEN. GEBHARDT voting no. SEN. ELLINGSON, SEN. GILLAN, and SEN. SCHMIDT voted aye by proxy. SEN. GEBHARDT voted no by proxy.

05:05:07 SEN. ELLIOTT resumed the Chair.

05:05:49

EXECUTIVE ACTION ON SB 516

Motion/Vote: SEN. ESSMANN moved that SB 516 DO PASS.

Motion/Vote: SEN. ESSMANN moved that SB 516 BE AMENDED. Motion carried 7-2 by voice vote with SEN. ELLIOTT and SEN. HARRINGTON voting no.

[EXHIBIT](#)(tas66a25)

05:12:15 Dan Bucks, Director, Department of Revenue

05:12:51 Dave Ohler, Department of Revenue

Motion/Vote: SEN. ESSMANN moved that SB 516 DO PASS AS AMENDED. Motion carried 6-5 by roll call vote with SEN. ELLINGSON, SEN. ELLIOTT, SEN. HARRINGTON, SEN. SCHMIDT and SEN. TOOLE voting no. SEN. GEBHARDT and SEN. GILLAN voted aye by proxy. SEN. ELLINGSON and SEN. SCHMIDT voted no by proxy.

05:17:59 SEN. TOOLE assumed the Chair.

05:18:01

EXECUTIVE ACTION ON SB 518

Motion/Vote: SEN. ELLIOTT moved that SB 518 DO PASS. Motion carried 6-5 by roll call vote with SEN. BLACK, SEN. ELLINGSON, SEN. HARRINGTON, and SEN. STORY voting no. SEN. GILLAN and SEN. SCHMIDT voted aye by proxy. SEN. ELLINGSON voted no by proxy.

[EXHIBIT](#)(tas66a26)

05:28:19

EXECUTIVE ACTION ON SB 519

Motion: SEN. ELLIOTT moved that SB 519 DO PASS.

**Motion/Vote:** SEN. ELLIOTT moved that SB 519 BE AMENDED. Motion carried 7-2 by voice vote with SEN. GEBHARDT and SEN. TOOLE voting no.

**EXHIBIT**(tas66a27)

**Motion/Vote:** SEN. ELLIOTT moved that SB 519 DO PASS AS AMENDED. Motion carried 6-5 by roll call vote with SEN. BLACK, SEN. ELLINGSON, SEN. HARRINGTON, and SEN. STORY voting no. SEN. GILLAN and SEN. SCHMIDT voted aye by proxy. SEN. ELLINGSON voted no by proxy.

05:21:54 SEN. ELLIOTT resumed the Chair.

05:49:41

**EXECUTIVE ACTION ON SB 512**

**Motion:** SEN. KITZENBERG moved that SB 512 DO PASS.

**Motion/Vote:** SEN. KITZENBERG moved that SB 512 BE AMENDED. Motion carried unanimously by voice vote.

**EXHIBIT**(tas66a28)

**Motion/Vote:** SEN. KITZENBERG moved that SB 512 DO PASS AS AMENDED. Motion carried 6-5 by roll call vote with SEN. ELLINGSON, SEN. GILLAN, SEN. HARRINGTON, SEN. SCHMIDT, and SEN. TOOLE voting no. SEN. GEBHARDT voted aye by proxy. SEN. ELLINGSON, SEN. GILLAN and SEN. SCHMIDT voted no by proxy.

06:06:53

**EXECUTIVE ACTION ON SB 450**

**Motion/Vote:** SEN. KITZENBERG moved that SB 450 DO PASS AS AMENDED. Motion failed 4-7 by roll call vote with SEN. BLACK, SEN. ESSMANN, SEN. GEBHARDT and SEN. KITZENBERG voting aye. SEN. GEBHARDT voted aye by proxy. SEN. GEBHARDT voted aye by proxy. SEN. ELLINGSON, SEN. GILLAN and SEN. SCHMIDT voted no by proxy.

06:11:47

**EXECUTIVE ACTION ON SB 213**

**Motion:** SEN. STORY moved that SB 213 DO PASS.

**Motion/Vote:** SEN. STORY moved that SB 213 BE AMENDED. Motion carried 6-5 by roll call vote with SEN. ELLINGSON, SEN. ELLIOTT, SEN. HARRINGTON, SEN. SCHMIDT, and SEN. TOOLE voting no. SEN.



GEBHARDT and SEN. GILLAN voted aye by proxy. SEN. ELLINGSON and SEN. SCHMIDT voted no by proxy.

[EXHIBIT](#)(tas66a29)

[EXHIBIT](#)(tas66a30)

[EXHIBIT](#)(tas66a31)

Motion/Vote: SEN. STORY moved that SB 213 DO PASS AS AMENDED. Motion carried 6-5 by roll call vote with SEN. ELLINGSON, SEN. ELLIOTT, SEN. HARRINGTON, SEN. SCHMIDT, and SEN. TOOLE voting no. SEN. GEBHARDT and SEN. GILLAN voted aye by proxy. SEN. ELLINGSON and SEN. SCHMIDT voted no by proxy.

**ADJOURNMENT**

Adjournment: 8:03 P.M.

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SEN. JIM ELLIOTT, Chairman

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KATHLEEN ELY, Secretary

JE/ke

Additional Exhibits:

**EXHIBIT ([tas66aad0.TIF](#))**